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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



北京北大青鸟环宇科技股份有限公司

**BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8095)**

## **DISCLOSEABLE TRANSACTION INVESTMENT IN A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 22 October 2007, BJZYCY, the Company and JBU Development entered into a JV Agreement pursuant to which all Parties agreed to establish Xiaoxiang Traveling for the exploration and development of travel and leisure business and relating infrastructure construction, in particular, the construction of Hengshan Terminal. Among the Registered Capital of RMB200m, BJZYCY is required to inject RMB80m, representing 40% of the Registered Capital, the Company is required to inject RMB60m, representing 30% of the Registered Capital and JBU Development is required to inject RMB60m, representing 30% of the Registered Capital. The term of Xiaoxiang Traveling is 30 years starting from the date of issuance of business license. Each Party is eligible to share profits of Xiaoxiang Traveling in accordance with its equity interest in Registered Capital.

As both the asset test ratio and the consideration test ratio exceed 5% but are below 25%, the transaction of entering into the JV Agreement constitutes a discloseable transaction of the Company pursuant to Rule 19.07 of the GEM Listing Rules. The transaction is subject to the disclosure requirements pursuant to Rule 19.34 and 19.38 of the GEM Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 22 October 2007, BJZYCY, the Company and JBU Development entered into a JV Agreement pursuant to which all Parties agreed to establish Xiaoxiang Traveling for the purpose of exploration and development of travel and leisure business and relating infrastructure construction, in particular, the construction of Hengshan Terminal.

## **PRINCIPAL TERMS OF THE JV AGREEMENT**

### **Basic information**

- Date: 22 October 2007
- Name of JV: Xiaoxiang Traveling Development Limited, Nanyue, Hengyang
- Parties: BJZYCY, the Company and JBU Development
- Scope of business: Exploration and development of travel and leisure business and relating infrastructure construction
- Registered Capital: RMB200m
- Among the Registered Capital, BJZYCY is required to inject RMB80m, representing 40% of the Registered Capital, the Company is required to inject RMB60m, representing 30% of the Registered Capital and JBU Development is required to inject RMB60m, representing 30% of the Registered Capital.
- Total Investment: RMB200m
- According to the JV Agreement, any additional capital of Total Investment on top of Registered Capital will be fulfilled by way of borrowings by Xiaoxiang Traveling or further contribution by the Parties according to their respective equity interests in Xiaoxiang Traveling. Neither BJZYCY, the Company or JBU Development has guaranteed further capital contribution to Xiaoxiang Traveling except for their respective equity interests in Registered Capital up to date of this announcement.
- Term of JV: 30 years starting from the date of issuance of business license of Xiaoxiang Traveling. Extension of the term of the JV is allowed after proposal by either Party and unanimous approval by the board of directors of Xiaoxiang Traveling.

### **Registered Capital**

During the term of the JV, Xiaoxiang Traveling cannot reduce its Registered Capital unless approved by the Administration for Industry & Commerce and Bureau of Commerce. Any increase and/or transfer of Registered Capital by Xiaoxiang Traveling must be approved by its board of directors unanimously.

Any Party to the JV Agreement who wish to transfer all or part of its equity interest in Xiaoxiang Traveling shall be subject to pre-emptive rights of the other Party(ies). Either Party who has proposed to transfer its equity interest in Xiaoxiang Traveling must get the approval of all other Parties and report to the Administration for Industry & Commerce and Bureau of Commerce.

Registered Capital of RMB60m to be contributed by the Company and JBU Development is payable by 2 installments in the following manner respectively:

- (1) RMB15m is payable upon issuance of temporary business license;
- (2) Remaining RMB45m is payable within two years after issuance of temporary business license.

Registered Capital will be settled by internal resources of the Company and JBU Development respectively.

Registered capital in the amount of RMB200m is determined with reference to the estimated total construction cost of the Hengshan Terminal.

Upon establishment of Xiaoxiang Traveling, the Group will have 60% equity interest in Registered Capital. Xiaoxiang Traveling will be accounted for as a subsidiary of the Group.

### **The board of directors and senior management**

The board of directors of Xiaoxiang Traveling shall consist of five directors. One of whom shall be appointed by BJZYCY, two of whom shall be appointed by the Company and two of whom shall be appointed by JBU Development. The chairman of the board of directors shall be appointed by the Company. The chairman and the board of directors shall have a term of four years. They are eligible for re-election by the corresponding appointing Parties.

Xiaoxiang Traveling shall have one general manager and two deputy general managers. Both the general manager and deputy managers shall be appointed by the board of directors of Xiaoxiang Traveling. They shall have a term of four years.

### **Profits sharing**

Each Party is eligible to share net profits after tax of Xiaoxiang Traveling in accordance with its equity interest in Registered Capital. Xiaoxiang Traveling shall distribute its profits once a year. Net profits after tax are distributed after provisions of reserve fund, enterprise development fund and staff welfare fund. Xiaoxiang Traveling is prohibited from distributing profits if its loss for the previous accounting period is not yet recovered. Retained profits for the previous accounting period are eligible for distribution in the following accounting period.

### **Others**

The terms of the JV Agreement were arrived at after arm's length negotiation between BJZYCY, the Company and JBU Development. The Board, including the independent non-executive Directors, considers the terms of the JV Agreement to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **INFORMATION OF XIAOXIANG TRAVELING**

Xiaoxiang Traveling is principally engaged in the exploration and development of travel and leisure business and relating infrastructure construction, in particular, the construction of a Hengshan Terminal. Hengshan Terminal is situated in Nanyue District, Hengyang City, Hunan Province, the PRC with gross site area of approximately 120,000 square metres. It consists of two car parks and a multi-block tourist information centre. The car parks will be opened for public at a fee. Part of the tourist information centre will be let out for retail selling business. In addition to local authority concerned, Xiaoxiang Traveling will consider introducing service providers to supply tourist information in return of service charge. Hengshan Terminal is expected to commence operation in the second quarter of 2008.

## **INFORMATION OF BJZYCY**

BJZYCY was established as a limited liability company under the PRC laws and engaged in investment holding. Save for entering into the JV Agreement, to the best of the Director's knowledge, information and belief having made all reasonable enquires, BJZYCY and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the research, development, manufacture, marketing and sale of embedded systems products, including network security products, wireless fire alarm systems and related products. The Group is also engaged in the sale of computer products and provision of total solution services through the application of its existing embedded system products.

## **REASONS FOR INVESTMENT IN XIAOXIANG TRAVELING**

The Group always aim at shareholder value enrichment through diversification of business. As the economic development of Nanyue District, Hengyang City is growing rapidly, the Group believes that investment in Xiaoxiang Traveling provides a good opportunity for the Group to benefit from the exponential economic growth of the district. As the project of Hengshan Terminal belongs to Xiaoxiang Traveling, the rental income derived from the letting of shops, car park fee and potential service charge will provide another constant income stream to the Group.

## **IMPLICATIONS UNDER GEM LISTING RULES**

As both the asset test ratio and the consideration test ratio exceed 5% but are below 25%, the transaction of entering into the JV Agreement constitutes a discloseable transaction of the Company pursuant to Rule 19.07 of the GEM Listing Rules. The transaction is subject to the disclosure requirements pursuant to Rule 19.34 and 19.38 of the GEM Listing Rules.

Save for the entering into of JV Agreement, the Group has no other transaction with BJZYCY within a 12 month period. The transaction is thus not subject to Rule 19.22 of the GEM Listing Rules.

A circular containing, among other things, further details of the JV Agreement will be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“BJZYCY”	北京中億創一科技發展有限公司 (Beijing Zong Yi Chuang Yi Technological Development Company Limited), a company incorporated with limited liability in the PRC and is principally engaged in investment holdings
“Board”	the board of Directors
“Company”	北京北大青鳥環宇科技股份有限公司 (Beijing Beida Jade Bird Universal Sci-Tech Company Limited), a sino-foreign joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hengshan Terminal”	A car terminal proposed to be constructed in Nanyue District, Hengyang City, Hunan Province, the PRC by Xiaoxiang Traveling.
“JBU Development”	Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited, a company incorporated in the Cayman Islands and a wholly owned subsidiary of the Company
“JV”	joint venture
“JV Agreement”	the sino-foreign joint venture agreement dated 22 October 2007 entered into between BJZYCY, the Company and JBU Development in connection with the establishment of Xiaoxiang Traveling
“Parties”	BJZYCY, the Company and JBU Development as a whole, or any two of them
“Party”	Either of BJZYCY, the Company or JBU Development
“PRC”	People’s Republic of China
“Registered Capital”	registered capital of Xiaoxiang Traveling, being RMB200m
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Investment”	total investment amount of Xiaoxiang Traveling, being RMB200m
“Xiaoxiang Traveling”	衡陽南嶽瀟湘旅遊發展有限公司 (Xiaoxiang Traveling Development Limited. Nanyue, Hengyang), a sino-foreign equity joint venture to be established with limited liability in the PRC pursuant to the JV Agreement and is principally engaged in the exploration and development of travel and leisure business and relating infrastructure construction

By order of the Board  
**Beijing Beida Jade Bird Universal  
Sci-Tech Company Limited**  
**Xu Zhen Dong**  
*Chairman*

Beijing, the PRC, 23 October 2007

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Zhen Dong, Mr. Xu Zhi Xiang and Mr. Zhang Wan Zhong, three non-executive Directors, namely Mr. Liu Yong Jin, Mr. Hao Yi Long and Mr. Li Li Xin, and three independent non-executive Directors, namely Professor Nan Xiang Hao, Professor Chin Man Chung, Ambrose and Mr. Cai Chuan Bing.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*